

GENOVA

Press release

Stockholm 2 May 2024

Genova Property Group Interim report January–March 2024

January–March period

- Rental income amounted to SEK 133.1m (128.9), an increase of 3%.
- Net operating income amounted to SEK 94.1m (90.9), an increase of 4%.
- Income from property management increased 140% to SEK 27.1m (11.3), of which income from property management attributable to shareholders was SEK 5.7m (-7.4), corresponding to SEK 0.12 (-0.16) per share. Excluding value changes in joint ventures and associated companies, income from property management amounted to SEK 28.4m (27.0).
- Net income for the period amounted to SEK 45.0m (-40.2), corresponding to SEK 0.29 (-1.85) per share. The increase was mainly due to lower negative changes in the value of properties.
- Long-term net asset value attributable to shareholders decreased 12% to SEK 3,257.7m (3,685.1), corresponding to SEK 71.42 (80.79) per share.

Significant events during and after the end of the period

First quarter January–March 2024

- In February, an interest-rate swap of SEK 500m was signed with a fixed rate of 2.58% that expires in January 2030.
- In March, an issue of convertible bonds was completed raising proceeds of approximately SEK 200m. The convertible bonds carry a fixed annual rate of 6.75% with quarterly payments and mature in March 2029.
- During the period, hybrid bonds were repurchased for an amount of SEK 101.3m.
- During the period, the Vindspelet 6 property in Borås was acquired, with an agreed property value of SEK 62.5m and annual rental value of approximately SEK 6m.

Events after the end of the period

- In April, additional green senior unsecured bonds of SEK 150m were issued under the outstanding green framework. The issue was initiated by institutional investors.
- After the end of the period, additional hybrid bonds were repurchased and on the publication date of this report, the value of outstanding hybrid bonds was approximately SEK 640m.

CEO'S STATEMENT

Genova started the year with both higher rental income and increased net operating income year-on-year. Our projects are progressing according to plan and during the year, we will complete nearly 400 environmentally certified rental apartments. Property values have stabilised and the financial market has strengthened while activity has also increased in the transaction market, which could create business opportunities for Genova moving forward.

Rental income increased 3% and net operating income 4%. Income from property management rose 140% to SEK 27m, mainly due to lower negative changes in the value of properties in joint ventures and associated companies. Income from property management also increased 5% excluding these value changes. Value changes in the Group stabilised and we reported a limited negative value change of SEK -6.5m from investment properties, where indexation reduced the effect of higher yield requirements. Net asset value per share decreased 12% to SEK 71.42 per share year-on-year, but increased compared with the end of the preceding year.

Financing

We have noted that both banking and capital markets have improved in early 2024 and Genova's efforts to improve the capital structure, lower borrowing costs and strengthen liquidity continued.

In March, we completed an issue of convertible bonds and raised proceeds of SEK 200m. The issue has diversified Genova's sources of finance, which is positive for both our shareholders and bondholders. After the end of the period, we completed another successful issue of green bonds. In connection with these issues, we repurchased hybrid bonds of approximately SEK 160m at a discounted price.

Management

Genova has a stable investment property portfolio with a good tenant mix. We have long-term rental agreements, with an average term of 5.1 years, and a continued high occupancy rate of 94%. This is particularly important in a weak economic environment, which we are now experiencing. Our focus on growth regions, and on Greater Stockholm and Uppsala in particular, combined with a high proportion of income from community service properties, residential units and supermarkets, creates stability in a subdued market.

Investments

Genova's ongoing projects mainly comprise rental units in Norrtälje, Knivsta, Enköping and Upplands-Bro, but the construction of Apotea's new central warehouse in Varberg is also ongoing. Our ongoing residential projects will add nearly 400 rental apartments for own long-term management during the year – all environmentally certified under the Nordic Swan Ecolabel scheme. Annual rent for the rental apartments is approximately SEK 47m. We are continuing to prioritise work on zoning plans in our building rights portfolio, which will create considerable value for Genova, and that we intend to realise through either our own project development or by divesting building rights as we move forward.

Looking forward

The property market remains characterised by challenges, especially high interest rates, but some optimism about a turnaround is clear. If expectations of a cut in the policy rate in 2024 are met, this could reduce pressure on property values and lower interest expense during the year. We will maintain our strong focus on Genova's capital structure and on safeguarding our liquidity. With signs of more open banking and capital markets and increased activity in the transaction market, we see conditions for value-creating business opportunities ahead.

Michael Moschewitz, CEO

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About Genova

Genova Property Group AB (publ) is a modern property company with a personal touch that owns, manages and develops properties with focus on Greater Stockholm area and Uppsala Region. On 31 March 2024, the value of the company's property portfolio amounted to approximately SEK 10.1 billion with a lettable area of approximately 350,000 sqm and the company held approximately 9,400 building rights for residential units. Genova's share has been listed on Nasdaq Stockholm since 2020.

This information is such information that Genova Property Group AB (publ) is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 2 May 2024 at 9.00 a.m. CEST.

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